

Adopted	Rejected
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COMMITTEE REPORT

YES:	16
NO:	4

MR. SPEAKER:

*Your Committee on Ways and Means, to which was referred Senate Bill 148, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill **be amended** as follows:*

- 1 Page 1, line 6, strike "and".
- 2 Page 1, line 8, delete "." and insert "; **and**
- 3 **(3) Jasper County.**"
- 4 Page 1, line 9, after "(b)" insert "**This subsection applies only to a**
- 5 **county described in subsection (a)(1) or (a)(2).**".
- 6 Page 2, line 5, delete "maintain any of the facilities described in"
- 7 and insert "**maintain:**
- 8 **(1) jail facilities;**
- 9 **(2) juvenile court, detention, and probation facilities;**
- 10 **(3) other criminal justice facilities; and**
- 11 **(4) related buildings and parking facilities;**".
- 12 Page 2, line 6, delete "subsection (b)(1)(A) through (b)(1)(D) that
- 13 are".
- 14 Page 2, line 6, beginning with "located" begin a new line blocked

1 left.

2 Page 2, line 7, delete "The" and insert "A".

3 Page 2, line 7, after "county council" insert **"of a county described**
4 **in subsection (a)(1) or (a)(2)".**

5 Page 2, line 42, after "(3)" insert **"if the county imposing the tax**
6 **under this section is a county with a population of more than one**
7 **hundred eighty-two thousand seven hundred ninety (182,790) but**
8 **less than two hundred thousand (200,000),".**

9 Page 6, between lines 20 and 21, begin a new paragraph and insert:
10 "SECTION 4. IC 6-3.5-6-29 IS ADDED TO THE INDIANA
11 CODE AS A NEW SECTION TO READ AS FOLLOWS
12 [EFFECTIVE UPON PASSAGE]: **Sec. 29. (a) This section applies**
13 **only to Scott County. Scott County is a county in which:**

14 **(1) maintaining low property tax rates is essential to economic**
15 **development; and**

16 **(2) the use of additional county option income tax revenues as**
17 **provided in this section, rather than the use of property taxes,**
18 **to fund:**

19 **(A) the financing, construction, acquisition, improvement,**
20 **renovation, or equipping of jail facilities; and**

21 **(B) the repayment of bonds issued or leases entered into for**
22 **the purposes described in clause (A);**

23 **promotes the purpose of maintaining low property tax rates.**

24 **(b) The county fiscal body may impose the county option income**
25 **tax on the adjusted gross income of resident county taxpayers at a**
26 **rate, in addition to the rates permitted by sections 8 and 9 of this**
27 **chapter, not to exceed twenty-five hundredths percent (0.25%).**
28 **Section 8(e) of this chapter applies to the application of the**
29 **additional rate to nonresident taxpayers.**

30 **(c) To impose the county option income tax as provided in this**
31 **section, the county fiscal body must adopt an ordinance finding and**
32 **determining that additional revenues from the county option**
33 **income tax are needed in the county to fund:**

34 **(1) the financing, construction, acquisition, improvement,**
35 **renovation, or equipping of jail facilities; and**

36 **(2) the repayment of bonds issued or leases entered into for**
37 **the purposes described in subdivision (1).**

38 **(d) If the county fiscal body makes a determination under**

1 subsection (c), the county fiscal body may adopt an additional tax
2 rate under subsection (b). Subject to the limitations in subsection
3 (b), the county fiscal body may amend an ordinance adopted under
4 this section to increase, decrease, or rescind the additional tax rate
5 imposed under this section. As soon as practicable after the
6 adoption of an ordinance under this section, the county fiscal body
7 shall send a certified copy of the ordinance to the county auditor,
8 the department of local government finance, and the department.
9 An ordinance adopted under this section before April 1 in a year
10 applies to the imposition of county income taxes after June 30 in
11 that year. An ordinance adopted under this section after March 31
12 of a year initially applies to the imposition of county option income
13 taxes after June 30 of the immediately following year.

14 (e) If the county imposes an additional tax rate under this
15 section, the county treasurer shall establish a county jail revenue
16 fund to be used only for the purposes described in this section.
17 County option income tax revenues derived from the tax rate
18 imposed under this section shall be deposited in the county jail
19 revenue fund before making a certified distribution under section
20 18 of this chapter.

21 (f) County option income tax revenues derived from an
22 additional tax rate imposed under this section:

23 (1) may be used only for the purposes described in this
24 section;

25 (2) may not be considered by the department of local
26 government finance in determining the county's maximum
27 permissible property tax levy limit under IC 6-1.1-18.5; and

28 (3) may be pledged for the repayment of bonds issued or
29 leases entered into to fund the purposes described in
30 subsection (c)(1).

31 (g) If the county imposes an additional tax rate under this
32 section, the department, after reviewing the recommendation of the
33 budget agency, shall adjust the certified distribution of the county
34 to provide for an increased distribution of taxes in the immediately
35 following calendar year after the county adopts the increased tax
36 rate and in each calendar year thereafter. The department shall
37 provide for a full transition to certification of distributions as
38 provided in section 17(a)(1) through 17(a)(2) of this chapter in the

1 **manner provided in section 17(c) of this chapter.**

2 SECTION 5. IC 6-3.5-7-5, AS AMENDED BY P.L.214-2005,
3 SECTION 20, IS AMENDED TO READ AS FOLLOWS
4 [EFFECTIVE UPON PASSAGE]: Sec. 5. (a) Except as provided in
5 subsection (c), the county economic development income tax may be
6 imposed on the adjusted gross income of county taxpayers. The entity
7 that may impose the tax is:

- 8 (1) the county income tax council (as defined in IC 6-3.5-6-1) if
- 9 the county option income tax is in effect on January 1 of the year
- 10 the county economic development income tax is imposed;
- 11 (2) the county council if the county adjusted gross income tax is
- 12 in effect on January 1 of the year the county economic
- 13 development tax is imposed; or
- 14 (3) the county income tax council or the county council,
- 15 whichever acts first, for a county not covered by subdivision (1)
- 16 or (2).

17 To impose the county economic development income tax, a county
18 income tax council shall use the procedures set forth in IC 6-3.5-6
19 concerning the imposition of the county option income tax.

20 (b) Except as provided in subsections (c), (g), (k), (p), and (r) the
21 county economic development income tax may be imposed at a rate of:

- 22 (1) one-tenth percent (0.1%);
- 23 (2) two-tenths percent (0.2%);
- 24 (3) twenty-five hundredths percent (0.25%);
- 25 (4) three-tenths percent (0.3%);
- 26 (5) thirty-five hundredths percent (0.35%);
- 27 (6) four-tenths percent (0.4%);
- 28 (7) forty-five hundredths percent (0.45%); or
- 29 (8) five-tenths percent (0.5%);

30 on the adjusted gross income of county taxpayers.

31 (c) Except as provided in subsection (h), (i), (j), (k), (l), (m), (n), (o),
32 (p), or (s), the county economic development income tax rate plus the
33 county adjusted gross income tax rate, if any, that are in effect on
34 January 1 of a year may not exceed one and twenty-five hundredths
35 percent (1.25%). Except as provided in subsection (g), (p), (r), ~~or~~ (t), ~~or~~
36 **(u)**, the county economic development tax rate plus the county option
37 income tax rate, if any, that are in effect on January 1 of a year may not
38 exceed one percent (1%).

(d) To impose, increase, decrease, or rescind the county economic development income tax, the appropriate body must, after January 1 but before April 1 of a year, adopt an ordinance. The ordinance to impose the tax must substantially state the following:

"The _____ County _____ imposes the county economic development income tax on the county taxpayers of _____ County. The county economic development income tax is imposed at a rate of _____ percent (____%) on the county taxpayers of the county. This tax takes effect July 1 of this year."

(e) Any ordinance adopted under this chapter takes effect July 1 of the year the ordinance is adopted.

(f) The auditor of a county shall record all votes taken on ordinances presented for a vote under the authority of this chapter and shall, not more than ten (10) days after the vote, send a certified copy of the results to the commissioner of the department by certified mail.

(g) This subsection applies to a county having a population of more than one hundred forty-eight thousand (148,000) but less than one hundred seventy thousand (170,000). Except as provided in subsection (p), in addition to the rates permitted by subsection (b), the:

(1) county economic development income tax may be imposed at a rate of:

(A) fifteen-hundredths percent (0.15%);

(B) two-tenths percent (0.2%); or

(C) twenty-five hundredths percent (0.25%); and

(2) county economic development income tax rate plus the county option income tax rate that are in effect on January 1 of a year may equal up to one and twenty-five hundredths percent (1.25%); if the county income tax council makes a determination to impose rates under this subsection and section 22 of this chapter.

(h) For a county having a population of more than forty-one thousand (41,000) but less than forty-three thousand (43,000), except as provided in subsection (p), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and thirty-five hundredths percent (1.35%) if the county has imposed the county adjusted gross income tax at a rate of one and one-tenth percent (1.1%) under IC 6-3.5-1.1-2.5.

(i) For a county having a population of more than thirteen thousand

1 five hundred (13,500) but less than fourteen thousand (14,000), except
 2 as provided in subsection (p), the county economic development
 3 income tax rate plus the county adjusted gross income tax rate that are
 4 in effect on January 1 of a year may not exceed one and fifty-five
 5 hundredths percent (1.55%).

6 (j) For a county having a population of more than seventy-one
 7 thousand (71,000) but less than seventy-one thousand four hundred
 8 (71,400), except as provided in subsection (p), the county economic
 9 development income tax rate plus the county adjusted gross income tax
 10 rate that are in effect on January 1 of a year may not exceed one and
 11 five-tenths percent (1.5%).

12 (k) This subsection applies to a county having a population of more
 13 than twenty-seven thousand four hundred (27,400) but less than
 14 twenty-seven thousand five hundred (27,500). Except as provided in
 15 subsection (p), in addition to the rates permitted under subsection (b):

16 (1) the county economic development income tax may be imposed
 17 at a rate of twenty-five hundredths percent (0.25%); and

18 (2) the sum of the county economic development income tax rate
 19 and the county adjusted gross income tax rate that are in effect on
 20 January 1 of a year may not exceed one and five-tenths percent
 21 (1.5%);

22 if the county council makes a determination to impose rates under this
 23 subsection and section 22.5 of this chapter.

24 (l) For a county having a population of more than twenty-nine
 25 thousand (29,000) but less than thirty thousand (30,000), except as
 26 provided in subsection (p), the county economic development income
 27 tax rate plus the county adjusted gross income tax rate that are in effect
 28 on January 1 of a year may not exceed one and five-tenths percent
 29 (1.5%).

30 (m) For:

31 (1) a county having a population of more than one hundred
 32 eighty-two thousand seven hundred ninety (182,790) but less than
 33 two hundred thousand (200,000); or

34 (2) a county having a population of more than forty-five thousand
 35 (45,000) but less than forty-five thousand nine hundred (45,900);

36 except as provided in subsection (p), the county economic development
 37 income tax rate plus the county adjusted gross income tax rate that are
 38 in effect on January 1 of a year may not exceed one and five-tenths

1 percent (1.5%).

2 (n) For a county having a population of more than six thousand
3 (6,000) but less than eight thousand (8,000), except as provided in
4 subsection (p), the county economic development income tax rate plus
5 the county adjusted gross income tax rate that are in effect on January
6 1 of a year may not exceed one and five-tenths percent (1.5%).

7 (o) This subsection applies to a county having a population of more
8 than thirty-nine thousand (39,000) but less than thirty-nine thousand six
9 hundred (39,600). Except as provided in subsection (p), in addition to
10 the rates permitted under subsection (b):

11 (1) the county economic development income tax may be imposed
12 at a rate of twenty-five hundredths percent (0.25%); and

13 (2) the sum of the county economic development income tax rate
14 and:

15 (A) the county adjusted gross income tax rate that are in effect
16 on January 1 of a year may not exceed one and five-tenths
17 percent (1.5%); or

18 (B) the county option income tax rate that are in effect on
19 January 1 of a year may not exceed one and twenty-five
20 hundredths percent (1.25%);

21 if the county council makes a determination to impose rates under this
22 subsection and section 24 of this chapter.

23 (p) In addition:

24 (1) the county economic development income tax may be imposed
25 at a rate that exceeds by not more than twenty-five hundredths
26 percent (0.25%) the maximum rate that would otherwise apply
27 under this section; and

28 (2) the:

29 (A) county economic development income tax; and

30 (B) county option income tax or county adjusted gross income
31 tax;

32 may be imposed at combined rates that exceed by not more than
33 twenty-five hundredths percent (0.25%) the maximum combined
34 rates that would otherwise apply under this section.

35 However, the additional rate imposed under this subsection may not
36 exceed the amount necessary to mitigate the increased ad valorem
37 property taxes on ~~homesteads~~ **residential property** (as defined in
38 ~~§ 6-1.1-20.9-1~~ **section 26(b)(4) of this chapter**) resulting from the

deduction of the assessed value of inventory in the county under IC 6-1.1-12-41 or IC 6-1.1-12-42.

(q) If the county economic development income tax is imposed as authorized under subsection (p) at a rate that exceeds the maximum rate that would otherwise apply under this section, the certified distribution must be used for the purpose provided in section 25(e) or 26 of this chapter to the extent that the certified distribution results from the difference between:

(1) the actual county economic development tax rate; and

(2) the maximum rate that would otherwise apply under this section.

(r) This subsection applies only to a county described in section 27 of this chapter. Except as provided in subsection (p), in addition to the rates permitted by subsection (b), the:

(1) county economic development income tax may be imposed at a rate of twenty-five hundredths percent (0.25%); and

(2) county economic development income tax rate plus the county option income tax rate that are in effect on January 1 of a year may equal up to one and twenty-five hundredths percent (1.25%);

if the county council makes a determination to impose rates under this subsection and section 27 of this chapter.

(s) Except as provided in subsection (p), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%) if the county has imposed the county adjusted gross income tax under IC 6-3.5-1.1-3.3.

(t) This subsection applies to Howard County. Except as provided in subsection (p), the sum of the county economic development income tax rate and the county option income tax rate that are in effect on January 1 of a year may not exceed one and twenty-five hundredths percent (1.25%).

(u) This subsection applies to a county to which IC 6-3.5-6-29 applies. Except as provided in subsection (p), the sum of the county economic development income tax rate and the county option income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%).

SECTION 6. IC 6-3.5-7-26, AS AMENDED BY P.L.199-2005, SECTION 26, IS AMENDED TO READ AS FOLLOWS

[EFFECTIVE UPON PASSAGE]: Sec. 26. (a) This section applies only to homestead credits for property taxes first due and payable after calendar year 2006.

(b) ~~For purposes of~~ **The following definitions apply throughout** this section:

(1) "Adopt" includes amend.

(2) "Adopting entity" means:

~~(1)~~ **(A)** the entity that adopts an ordinance under IC 6-1.1-12-41(f); or

~~(2)~~ **(B)** any other entity that may impose a county economic development income tax under section 5 of this chapter.

(3) "Homestead" refers to tangible property that is eligible for a homestead credit under IC 6-1.1-20.9.

(4) "Residential" refers to real property, mobile homes, and industrialized housing classified under the standards specified by the department of local government finance as used for a residential purpose, including tangible property that would qualify as a homestead if the taxpayer had filed for a homestead credit under IC 6-1.1-20.9 and rental residential property.

(c) An adopting entity may adopt an ordinance to provide for the use of the certified distribution described in section 16(c) of this chapter for the purpose provided in subsection (e). An adopting entity that adopts an ordinance under this subsection shall use the procedures set forth in IC 6-3.5-6 concerning the adoption of an ordinance for the imposition of the county option income tax. An ordinance must be adopted under this subsection after January 1 but before April 1 of a calendar year. The ordinance may provide for an additional rate under section 5(p) of this chapter. An ordinance adopted under this subsection:

(1) first applies to the certified distribution described in section 16(c) of this chapter made in the later of the calendar year that immediately succeeds the calendar year in which the ordinance is adopted or calendar year 2007; and

(2) must specify that the certified distribution must be used to provide for **one (1) of the following, as determined by the adopting entity:**

(A) Uniformly applied increased homestead credits as provided in subsection (f). ~~or~~

(B) Uniformly applied increased residential credits as provided in subsection (g).

~~(B) (C)~~ Allocated increased homestead credits as provided in subsection ~~(h)~~ (i).

(D) Allocated increased residential credits as provided in subsection (j).

An ordinance adopted under this subsection may be combined with an ordinance adopted under section 25 of this chapter.

(d) If an ordinance is adopted under subsection (c), the percentage of the certified distribution specified in the ordinance for use for the purpose provided in subsection (e) shall be:

- (1) retained by the county auditor under subsection ~~(i)~~ (k); and
- (2) used for the purpose provided in subsection (e) instead of the purposes specified in the capital improvement plans adopted under section 15 of this chapter.

(e) If an ordinance is adopted under subsection (c), the adopting entity shall use the certified distribution described in section 16(c) of this chapter to increase:

(1) if the ordinance grants a credit described in subsection (c)(2)(A) or (c)(2)(C), the homestead credit allowed in the county under IC 6-1.1-20.9 for a year; or

(2) if the ordinance grants a credit described in subsection (c)(2)(B) or (c)(2)(D), the property tax replacement credit allowed in the county under IC 6-1.1-21-5 for a year for the residential property;

to offset the effect on homesteads **or residential property, as applicable**, in the county resulting from the statewide deduction for inventory under IC 6-1.1-12-42. **The amount of an additional residential property tax replacement credit granted under this section may not be considered in computing the amount of any homestead credit to which the residential property may be entitled under IC 6-1.1-20.9 or another law other than IC 6-1.1-20.6.**

(f) If the imposing entity specifies the application of uniform increased homestead credits under subsection (c)(2)(A), the county auditor shall, for each calendar year in which an increased homestead credit percentage is authorized under this section, determine:

- (1) the amount of the certified distribution that is available to provide an increased homestead credit percentage for the year;

(2) the amount of uniformly applied homestead credits for the year in the county that equals the amount determined under subdivision (1); and

(3) the increased percentage of homestead credit that equates to the amount of homestead credits determined under subdivision (2).

(g) If the imposing entity specifies the application of uniform increased residential credits under subsection (c)(2)(B), the county auditor shall determine for each calendar year in which an increased homestead credit percentage is authorized under this section:

(1) the amount of the certified distribution that is available to provide an increased residential property tax replacement credit percentage for the year;

(2) the amount of uniformly applied residential property tax replacement credits for the year in the county that equals the amount determined under subdivision (1); and

(3) the increased percentage of residential property tax replacement credit that equates to the amount of residential property tax replacement credits determined under subdivision (2).

~~(g)~~ **(h)** The increased percentage of homestead credit determined by the county auditor under subsection (f) **or the increased percentage of residential property tax replacement credit determined by the county auditor under subsection (g)** applies uniformly in the county in the calendar year for which the increased percentage is determined.

~~(h)~~ **(i)** If the imposing entity specifies the application of allocated increased homestead credits under subsection ~~(c)(2)(B)~~, **(c)(2)(C)**, the county auditor shall, for each calendar year in which an increased homestead credit is authorized under this section, determine:

(1) the amount of the certified distribution that is available to provide an increased homestead credit for the year; and

(2) except as provided in subsection ~~(j)~~, (l), an increased percentage of homestead credit for each taxing district in the county that allocates to the taxing district an amount of increased homestead credits that bears the same proportion to the amount determined under subdivision (1) that the amount of inventory assessed value deducted under IC 6-1.1-12-42 in the taxing

district for the immediately preceding year's assessment date bears to the total inventory assessed value deducted under IC 6-1.1-12-42 in the county for the immediately preceding year's assessment date.

(j) If the imposing entity specifies the application of allocated increased residential property tax replacement credits under subsection (c)(2)(D), the county auditor shall determine for each calendar year in which an increased residential property tax replacement credit is authorized under this section:

(1) the amount of the certified distribution that is available to provide an increased residential property tax replacement credit for the year; and

(2) except as provided in subsection (l), an increased percentage of residential property tax replacement credit for each taxing district in the county that allocates to the taxing district an amount of increased residential property tax replacement credits that bears the same proportion to the amount determined under subdivision (1) that the amount of inventory assessed value deducted under IC 6-1.1-12-42 in the taxing district for the immediately preceding year's assessment date bears to the total inventory assessed value deducted under IC 6-1.1-12-42 in the county for the immediately preceding year's assessment date.

(k) The county auditor shall retain from the payments of the county's certified distribution an amount equal to the revenue lost, if any, due to the increase of the homestead credit or residential property tax replacement credit within the county. The money shall be distributed to the civil taxing units and school corporations of the county:

(1) as if the money were from property tax collections; and

(2) in such a manner that no civil taxing unit or school corporation will suffer a net revenue loss because of the allowance of an increased homestead credit or residential property tax replacement credit.

(l) Subject to the approval of the imposing entity, the county auditor may adjust the increased percentage of:

(1) homestead credit determined under subsection (h)(2) (i)(2) if the county auditor determines that the adjustment is necessary to

1 achieve an equitable reduction of property taxes among the
2 homesteads in the county; or

3 **(2) residential property tax replacement credit determined**
4 **under subsection (j)(2) if the county auditor determines that**
5 **the adjustment is necessary to achieve an equitable reduction**
6 **of property taxes among the residential property in the**
7 **county.**

8 SECTION 7. IC 6-9-24-9 IS AMENDED TO READ AS
9 FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 9. (a) If the tax is
10 imposed by a municipality under this chapter, the tax terminates
11 January 1, ~~2007~~: **2017**.

12 (b) This chapter expires July 1, ~~2007~~: **2017**.

13 SECTION 8. IC 6-9-27-9.5, AS ADDED BY P.L.214-2005,
14 SECTION 42, IS AMENDED TO READ AS FOLLOWS
15 [EFFECTIVE JULY 1, 2006]: Sec. 9.5. (a) A city shall use money in
16 the fund established under section 8.5 of this chapter for only the
17 following:

18 (1) Renovating the city hall.

19 (2) Constructing new police or fire stations, or both.

20 (3) Improving the city's sanitary sewers or wastewater treatment
21 facilities, or both.

22 (4) Improving the city's storm water drainage systems.

23 (5) Other projects involving the city's water system or protecting
24 the city's well fields, as determined by the city fiscal body.

25 Money in the fund may not be used for the operating costs of a project.
26 ~~In addition, the city may not initiate a project under this chapter after~~
27 ~~December 31, 2010.~~

28 (b) The fiscal body of the city may pledge money in the fund to pay
29 bonds issued, loans obtained, and lease payments or other obligations
30 incurred by or on behalf of the city or a special taxing district in the city
31 to provide the projects described in subsection (a).

32 (c) Subsection (b) applies only to bonds, loans, lease payments, or
33 obligations that are issued, obtained, or incurred after the date on which
34 the tax is imposed under section 3 of this chapter.

35 (d) A pledge under subsection (b) is enforceable under IC 5-1-14-4.

36 SECTION 9. [EFFECTIVE UPON PASSAGE] **(a) The general**
37 **assembly finds that:**

38 **(1) IC 6-3.5-1.1-2.8, as amended by this act, allows Jasper**

1 County to fund the operation and maintenance of a jail and
2 juvenile detention center through the use of county option
3 income tax revenues; and

4 (2) allowing Jasper County to fund the operation and
5 maintenance of a jail and juvenile detention center through
6 the use of county option income tax revenues rather than the
7 use of property taxes promotes the purpose of maintaining
8 low property tax rates and is essential to economic
9 development.

10 (b) These special circumstances require legislation particular to
11 Jasper County.

12 SECTION 10. [EFFECTIVE UPON PASSAGE] (a) As used in this
13 SECTION, "adopting entity" has the meaning set forth in
14 IC 6-3.5-7-26.

15 (b) Notwithstanding IC 6-3.5-7-5, IC 6-3.5-7-6, and
16 IC 6-3.5-7-26, an adopting entity may adopt or amend an ordinance
17 under IC 6-3.5-7-26 in 2006 before June 1, 2006. A tax rate
18 imposed in an ordinance adopted before June 1, 2006, applies to
19 the adjusted gross income of county taxpayers on July 1, 2006."

20 Renumber all SECTIONS consecutively.

(Reference is to SB 148 as printed January 20, 2006.)

and when so amended that said bill do pass.

Representative Espich